

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
SAN ANTONIO DIVISION**

TWO-WAY MEDIA LLC,

Plaintiff,

v.

AT&T INC., et al.,

Defendants.

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NO. SA-09-CA-00476-OLG

**JOINT SUBMISSION REGARDING SCHEDULING ORDER**

Defendants AT&T Inc.; AT&T Corp.; AT&T Operations, Inc.; AT&T Services, Inc.; SBC Internet Services, Inc.; and Southwestern Bell Telephone Company and Plaintiff Two-Way Media LLC file this joint submission regarding entry of a scheduling order in this case. The parties have met and conferred and come to agreement regarding all dates for a proposed scheduling order. However, the parties have been unable to agree whether they should be required to seek and under what conditions the Court should grant leave to supplement their respective contentions regarding infringement and invalidity that were exchanged under the Southern District of Texas Local Patent Rules that previously applied to this case. It is plaintiff's position that the parties should be required to seek leave to amend contentions based on a showing of good cause and diligence. It is defendants' position that the ordinary rules of this district should apply and no leave to amend contentions should be required prior to the deadline set out in the scheduling order. A Proposed Scheduling Order setting out the parties' agreements and differences is attached as Exhibit A. The parties' statements regarding their remaining disagreement are set out below.

**Plaintiff's Statement Regarding Supplementation of Contentions**

Prior to transfer of this case to the Western District of Texas, the parties exchanged contentions setting out in detail their respective positions regarding infringement and validity of the patent claims at issue in the lawsuit. The parties' exchange of contentions was required and governed by the Local Patent Rules of the Southern District of Texas. The Southern District Local Patent Rules, like local patent rules in other districts, including all the other districts in Texas, promote the fair and orderly conduct of patent litigation by requiring the parties to make their positions on key issues known early in the case, and allowing amendment of contentions thereafter only in response and in relation to subsequent developments. *See* S.D. Tex. L.P.R. 3-6 & 3-7; *see also* E.D. Tex. L.P.R. 3-6; N.D. Tex. Misc. Ord. 62, ¶¶ 3-6 & 3-7. Under defendants' proposal, the parties would be permitted to amend their contentions at any time up to several weeks after a claim construction ruling for any reason or no reason. They would be permitted to amend even if the Court's claim construction ruling raises no new issues, and in the case of defendants, they would be entitled to amend their invalidity contentions less than a month before the close of fact discovery even if plaintiff's made no changes to their contentions of infringement. Defendants' proposal is antithetical to the purposes of the local patent rules under which the contentions were required and exchanged in the first place, and a recipe for trial by ambush and unfair surprise. The parties should be bound by their contentions at trial, and absent agreement, precluded from amending them except with leave and on showing of good cause and diligence up to the amendment deadline, and not at all thereafter.

Plaintiff's service of amended contentions without leave of Court after transfer to this district and prior to entry of a scheduling order placing limitations on amendment is not inconsistent with its position that leave should be required. Should the Court adopt plaintiff's

proposal and defendants' not agree to Plaintiff's supplementation, plaintiff intends to seek leave *nunc pro tunc* for amendment of its contentions.

Defendants' argument that Rule 26(e) provides an adequate standard for supplementation of contentions makes no sense, because Rule 26(e) by its terms applies only to "a disclosure under Rule 26(a)" or responses to "an interrogatory, request for admission, or request for production." Under defendants' proposal, no standard would apply to supplementation prior to the deadline.

Plaintiff also does not seek to selectively carry forward Southern District rules regarding supplementation in order to achieve an unfair advantage. Rather, plaintiff has proposed a simple good cause standard that is equally applicable to both sides. However, plaintiff would not object to the Court applying the Southern District Local Patent Rules under which this case has been conducted to date in their entirety to the remainder of the case.

#### **Defendants' Statement Regarding Supplementation of Contentions**

The parties have agreed on most of the dates and events on the schedule. They have, however, been unable to agree on one issue: whether to carry over the provision in the Southern District of Texas's Local Patent Rules that requires a party to show cause and diligence before modifying its Preliminary Infringement Contentions or Preliminary Invalidity Contentions.

As background, the Southern District of Texas transferred this case to this district on June 8, 2009. Before the transfer, the Southern District of Texas's Local Patent Rules applied to this case. Before the transfer, TWM served Preliminary Infringement Contentions, and Defendants served Preliminary Invalidity Contentions.

This case is now, however, pending in this district. The rules of this district should therefore apply. TWM wants to import a selected provision of the Southern District's local

patent rules through the Scheduling Order. Applying only a single provision of those rules would upset the balance struck by the Southern District's rules.

Moreover, this district has chosen not to implement local patent rules like those in the Southern District. TWM offers no reason to add a provision of another district's local patent rules here through the scheduling order. Nor does TWM offer any reason why this case should be treated differently from any other patent case in this district. Rule 26(e) of the Federal Rules of Civil Procedure provides the standard for amending discovery responses. There is no reason to adopt a different standard in this case. Moreover, TWM's proposal would allow no amendments at all without a showing of cause, even months before the close of fact discovery, which under the proposed schedule would be next April. Indeed, TWM's stated concern that insufficient time exists between the deadline to amend invalidity and infringement contentions and the close of fact discovery is belied by the fact that some amendments would be allowed (for instance, based on the claim construction ruling) and the fact that the deadlines are a month apart.

Finally, despite its position now, TWM recently served amended infringement allegations. Evidently, TWM intends to argue that it has cause to so modify its contentions, although it did not ask the Court for permission before serving its new contentions. TWM's recent amendment illustrates the problem with adding a restriction on amendment as TWM seeks to do. The Court will be asked repeatedly to decide whether either party can amend its contentions based on cause or diligence. There is simply no reason to add to these types of disputes to the Court's docket.

DATED: August 24, 2009.

Respectfully submitted,

/s/ Ian B. Crosby

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Parker C. Folse, III  
Attorney-in-charge  
Washington State Bar No. 24895  
Ian B. Crosby  
Washington State Bar No. 28461  
Rachel S. Black  
Washington State Bar No. 32204  
SUSMAN GODFREY LLP  
1201 Third Avenue, Suite 3800  
Seattle, Washington 98101

Max L. Tribble, Jr.  
Texas State Bar No. 20213950  
SUSMAN GODFREY LLP  
1000 Louisiana Street, Suite 5100  
Houston, Texas 77002-5096  
Telephone: (713) 651-9366  
Facsimile: (713) 654-6666

Michael F. Heim  
Texas State Bar No. 09380923  
Leslie V. Payne  
Texas State Bar No. 00784736  
Micah J. Howe  
Southern District of Texas Bar No.: 636023  
HEIM, PAYNE & CHORUSH, L.L.P.  
600 Travis St., Suite 6710  
Houston, Texas 77002-2912  
Telephone: (713) 221-2000  
Facsimile: (713) 221-2021

Randolph P. Tower  
Texas State Bar No. 20153000  
Jeff Jowers  
Texas State Bar No. 24012932  
George H. Spencer, Jr.  
Texas State Bar No. 18921001  
CLEMENS & SPENCER  
1300 Weston Centre  
112 East Pecan  
San Antonio, TX 78205  
Telephone: (210) 227-7121  
Facsimile: (210) 227-0732

ATTORNEYS FOR PLAINTIFF,  
TWO-WAY MEDIA LLC

Dated: August 24, 2009

Respectfully submitted,

/s/ Douglas I. Lewis

Ricardo G. Cedillo  
State Bar No. 04043600  
Les J. Strieber III  
State Bar No. 19398000  
Mark W. Kiehne  
State Bar No. 24032627  
Davis, Cedillo & Mendoza, Inc.  
McCombs Plaza, Suite 500  
755 E. Mulberry Avenue  
San Antonio, Texas 78212  
Telephone: (210) 822-6666  
Telefax: (210) 822-1151

David T. Pritikin  
Douglas I. Lewis  
Benedict Frey  
SIDLEY AUSTIN LLP  
One South Dearborn  
Chicago, Illinois 60603  
Telephone: 312.853.7000  
Facsimile: 312.853.7036

Denise L. McKenzie  
555 West Fifth St., 40th Floor  
Los Angeles, California 90013  
Telephone: 213.896.6000  
Facsimile: 213.896.6600

ATTORNEYS FOR DEFENDANTS,  
AT&T INC., AT&T CORP., AT&T  
OPERATIONS, INC., AT&T SERVICES, INC.,  
SBC INTERNET SERVICES, INC. AND  
SOUTHWESTERN BELL TELEPHONE  
COMPANY

**CERTIFICATE OF SERVICE**

I hereby certify that on the 24th day of August, 2009, I electronically filed the forgoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

Benedict Frey – [bfrey@sidley.com](mailto:bfrey@sidley.com)  
Douglas Lewis – [dilewis@sidely.com](mailto:dilewis@sidely.com)  
David Pritikin – [dpritikin@sidley.com](mailto:dpritikin@sidley.com)  
SIDLEY AUSTIN LLP  
One South Dearborn Street  
Chicago, IL 60603

Denis McKenzie – [dmckenzie@sidley.com](mailto:dmckenzie@sidley.com)  
SIDLEY AUSTIN LLP  
555 West Fifth Street, Suite 4000  
Los Angeles, CA 90013

Ricardo Cedillo – [rcedillo@lawdcm.com](mailto:rcedillo@lawdcm.com)  
Les Strieber – [lstrieber@lawdcm.com](mailto:lstrieber@lawdcm.com)  
Mark Kiehne – [mkiehne@lawdcm.com](mailto:mkiehne@lawdcm.com)  
DAVIS CEDILLO & MENDOZA, INC.  
755 East Mulberry Avenue, Suite 500  
San Antonio, TX 7812

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Ian B. Crosby

